



MULTILATERAL RESPONSE TO COVID-19 CRISIS: TURKEY-AFRICA PARTNERSHIP

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With the global attention on COVID-19 pandemic, as each day brings new headlines of its impact on individuals, communities, businesses, markets and industries. Tackling this challenge requires multilateral response, international cooperation and global solidarity.

Turkey and several African countries have already begun to take steps at easing the lockdown measures imposed to stem the spread of coronavirus, but the ban on social gatherings is still in place.

Before the COVID-19 outbreak, Africa was expected to have the highest economic growth rate in the world. Besides, Turkey's trade and investment relations with African countries were gradually taking place forward and blooming. However, the pandemic has changed the landscape and the dynamics of doing business with the continent. African countries has reported cases while the health care systems are inadequate, and the most worrisome thing about this, the uncertainty surrounding has raised concerns on how it could the virus spread, and how its economic effects might be catastrophic, with a sharp drop in exports and a rise in unemployment.

Despite all these negative indicators, Africa's past experience and constant fight against recurring and infectious diseases have helped the countries to take necessary measures with regards to global trends. And, regional and multilateral financial institutions have mobilized the credits to provide front-line health services, support continuation of projects and keep economies afloat in the face of the worst global economic downturn. The strategic partnership of mutual-benefit and common development between Turkey and African continent has continued and been prioritized.

In this context, the webinar, organized by joint efforts of DEiK (Foreign Economic Relations Board of Turkey), AfDB (African Development Bank) AfCFTA (African Continental Free Trade Area), TDB (Trade & Development Bank) and the African Report, brought together 516 Turkish and African business communities and relevant institutions to discuss how Africa would use its regional institutions to fight back against Coronavirus and how African countries could leverage their relationship with Turkey as a partner in that fight. The webinar was also live-streamed on social media and was live on TV through Turkish satellite Turksat in West Africa.

The webinar was moderated by Mr. Nicholas Norbrook, Managing Editor of the African Report. At the opening remarks of the webinar, he mentioned about the unprecedented times that Africa is facing. He said that according to IMF, the sub-Saharan economy is set to shrink by 1,6% in 2020 while real per capita income is going to fall by even more minus 3,9 on average. It is also stated that Africa's major trading partners are looking at tough recessions with the large outflows from emerging markets, currencies have been badly hit, making imports are more expensive and all of the mentioned features will spike inflation in many countries.

MEETING NOTES



NAİL OLPAK

President of Foreign Economic
Relations Board of Turkey (DEİK)

As the first speaker of the webinar, Mr. Nail Olpak, President of Foreign Economic Relations Board (DEİK) mentioned about how Turkey's private sector and the wider Turkish economic relations will help support for Africa.

After making a tribute to people who lost their lives in the pandemic and thanking all doctors, nurses, scientists, and researchers that are working tirelessly on defeating corona virus, he stated the importance of keeping the business as usual through digital platforms. DEİK remains open for communication and try to continue being a vital resource for information, support and coordination of business development activities. On a daily basis, DEİK organizes five to ten webinars or video conferences to support investors and trade activities. In those conferences, DEİK members, counterpart organizations, ambassadors and trade attaches are coming together to discuss potential sectors of investment and new ways of doing business. As a next step, DEİK aims to organize digital business forums and digital B2b meetings to promote bilateral and multilateral trade.

In his speech, Mr. Olpak thanked to DEİK's strategic partners namely African Development Bank, African Union, African Continental Free Trade Area, Trade and Development Bank, Turkish Ministry of Trade and the Africa Report not only joining DEİK at this event but also for their valuable and continued cooperation in promoting Turkey-African partnership and supporting Turkish and African private sector for investments, trade, joint ventures and project development throughout Africa. He also appreciated the support of Turkish satellite company Turksat to make this event available for online streaming on TVs in West Africa. While stating the importance of African continent to

Turkey, he said that all the business leaders, entrepreneurs and investors are working very hard to create jobs especially in these difficult times and to grow economies of African continent. Turkey is one of its strategic partners, international power and the supporter of integration of Africa.

Mr. Olpak also gave a brief information about DEİK which is a business diplomacy organization conducting the foreign economic relations of the Turkish private sector coordinated by the Ministry of Trade in particular, with respect to foreign trade, international investment services, contracting and logistics. As a unique platform, DEİK with 146 country based business councils, with more than 3500 members representing the Turkish business community and its leading entrepreneurs plays a catalytic role to strengthen Turkey–Africa economic and cultural ties. Through the bilateral Business Council mechanism linked with 50 counterpart organizations in 45 African countries, it promotes mutual empowerment based on equality, transparency and sustainability. Turkey-Africa Business Councils create platforms for private sector and relevant shareholders for new partnerships and the councils emphasize the importance of enhancing business relationship with strategic partners and African Diaspora in the market. The last 18 years of political trust between Turkey and African countries has been continuously growing and



Turkey has established powerful partnership which has been upgraded to a strategic partnership of mutual benefit and common development. Turkey has been granted observer country status in African Union. Turkey and Africa have reached rapid growth in current operation which is beneficial for both sides. In addition to this, he mentioned about direct investments that increased from 100 million to 6 billion US Dollars and it has been created over a hundred thousand jobs. The volume of the projects, like PPPs, projects taken by Turkish companies so far increased up to 55 billion US Dollars. Turkish Airlines (THY) flies to 60 destinations. There are 5,000 students from 52 African countries in Turkey which are given scholarship by Turkish institutions. Turkish Maarif Vakfı Foundation has currently 25 to 30 schools with more than 10,000 African students in the African continent. He talked about the importance of aid provided to Africa by both Turkish government and the Turkish private sector. He also considered that Turkey has been successful in controlling the crisis thanks to the Turkey's health system and experience. It is expected that Turkey survives this pandemic with minimal damage. Investment in health system and domestic production are more important than ever and Turkey would like to share its experience with Africa.

According to Mr. Olpak, one of the lessons that we learned as global community from the challenges of COVID-19 is that each country need to develop its internal capacities. This is why DEİK will continue to support the integration efforts of the African continent. African Continental Free Trade Area is very important to integrate and to increase the economic capacity of the region. In terms of supporting the growth in Africa, there are many objectives to achieve. Therefore, if all restrictions will be lifted, we will be organizing the 3rd Turkish-African Business Forum in Istanbul in the late 2020 with the cooperation of Turkish Ministry and the African Union.

As an answer to Mr. Norbrook question on that whether Turkish industry is ready to invest in Africa after the pandemic, Mr. Olpak stated that Turkey has already investments in Africa and this will continue after the pandemic. He also mentioned that the Turkish investment in Africa is actually very diversified in retail, logistics, power, manufacturing, and construction and the Turkish companies are operating successfully in Africa.



WAMKELE MENE

**Secretary General of African
Continental Free Trade Area (AfCFTA)**

Mr. Mene gave an overall picture about the free trade agreement and border closures in Africa. He mentioned that the launch of the operationalization of the free trade area was scheduled to be on the 1st of July but considering this unprecedented global crisis, the recommendation to the heads of states in Africa is that the conditions on the ground are not permissive for a credible trading to commence on the 1st of July. He believes that objectively the conditions are not conducive to start the trade under the AfCFTA. He pointed out some of the very negative impact this pandemic. It has had negative impacts not only on countries across the world but also more importantly on economies in Africa. The services sector in Africa which is in this case largely airline services, tourism and hotel industry has been very negatively affected.

It is expected that there will be losses this year alone in that industry of the service sector in Africa between 20 to 35 billion Dollars and so this is a very significant setback. As economies around the world are also already in recession or may enter recession as a result of the pandemic, for Africa, trade with mainly with its traditional trading partners will decrease as well. 53% of African exports to countries in Europe and China will eventually decrease because of the pandemic and the slowdown in economic activity in those countries. He indicated that the stimulus for Africa will be the implementation of the free trade agreement. He stated that many countries in Africa do not have the monetary policy space rather and the physical space to provide significant bailouts to stimulate the economy. He gave the examples that the US has granted the airline industry in the US up to

60 billion Dollars which is in the form of grants and loans. Air France has been bailed out by the government 7 billion dollars. On the other hand, he said that very few African countries have their resources to do provide such grants. Therefore, according to him, the stimulus package for Africa has to be the implementation of this agreement to boost intra-Africa trade and to position for year-on-year growth on the back of the trade agreement. In addition to this, he stated that a step in the direction of revitalizing and reenergizing African economies will be the acceleration in industrial development capacity, manufacturing capacity and diversifying supply chains and diversifying export markets. He mentioned that these are the reasons why Africa sees Turkey as a potential partner going forward. So the conditions are difficult at this moment.

Talking about the economic indicators that are not looking positive, he mentioned that it is foreseen a growth between 4-5% this year but the growth figure will now have to be revised downwards. In his last words, he emphasized the importance of the implementing the trade agreement. He believes that reducing trade and investment barriers for doing business in Africa are crucial and African economies will bounce back and that would be their stimulus package for Africa.

As an answer to Mr. Norbrook question on how this continental free-trade area will attract businesses from the world and from Turkey and how he considers the ability to conduct trade negotiations in a way which is beneficial for both parties with a big unified market, he stated that their objective in this agreement is to overcome market fragmentation, to overcome the smallness of individual country economies, to enhance their efficiencies and to position Africa as an attractive investment destination. He stated that if investors are looking at investing in the services sector, in telecommunications, they will be subject to the same rules for your investment whether they are in Ghana, in Kenya or in South Africa. The aim is to create a single rulebook for trade and investment to position Africa to be an attractive investment destination. It is to ensure that from a regulatory standpoint, a degree of harmonization achieved to facilitate doing business in Africa or at least in those countries who have ratified the agreement.



HÜSNÜ DİLEMRE

Director General for International
Agreements and EU Affairs of
Turkish Ministry of Trade

Mr. Husnu Dilemre spoke about Turkey's presence in Africa, bilateral trade and investment relations, Turkish construction projects and the post corona opportunities.

He mentioned that Covid-19 is a big challenge for all of the economies of the world. It shows that global preparedness for crisis of this scale even in the developed world can be seriously undermined and that solidarity is important. Turkey considers Africa as an important partner, will continue to support Africa in the fight against Covid-19 and African efforts towards mitigating the effects of this crisis. He stated that the primary point of focus of the policymakers in these difficult times is public health. However, the scale of this pandemic requires a response that reaches beyond that particular area. He gave Turkey as an example stating that the two thirds of the economic activity in the Turkish economy is actually conducted by sectors that are very sensitive to mobility restrictions and demand risks. Supply chains are being disrupted globally in every sector and the large portion of the unemployment risk is on small and micro enterprises. He believes that in these testing times, our resilience will largely depend on the success in making sure that trade and investment flows remain undisturbed. He considered that joint efforts and open dialogue will be of key importance for the continuity of trade and Turkey is willing to work together with its African counterparts to ensure that. Developing economic relations with Africa has constituted a pillar of Turkey's commercial diplomacy since early 2000s. The Turkish Ministry of Trade had launched the strategy for the development of commercial and economic relations with African countries in 2003. Since its inception, Turkey's trade volume with Africa attained 26.2 billion dollars in 2019 and from its previous level of 5.4 billion dollars in 2003.

In the same period, the market value of Turkish investments in Africa exceeded 6 billion dollars and the value of the projects undertaken by Turkish contractors in Africa exceeded 65 billion dollars. These are very significant numbers.

In addition to bilateral trade, he said that currently, the number of Turkish Embassies in Africa is 42 and that of the commercial councilors is 26. Turkey's institutional presence in the continent ranks therefore among top with France, United Kingdom, the United States, China and Russia. He advised that Turkey is ready to work together and to exchange experience and know-how with its African counterparts to make the transition to a post Covid-19 world a success. The measures that Turkey has been taking since the beginning of this crisis focus on public health, travel restrictions, the running of public services, awareness and protection of consumers as well as mitigation of negative effects on the economy. Through several economic measures, Turkish government aims eliminating the difficulties encountered by economic restrictions. The government is working closely with Turkish Eximbank and it is also introduced flexibilities in numerous administrative procedures relating to foreign trade operations, customs, transports and logistics. There are current studies on all these areas to identify the directions that may be taken to facilitate the cross-border flows of trade. He mentioned that related parties are basically making sure that even in the presence of severe measures introduced to control the spread of the pandemic, trade continues without restrictions.

He considered that Covid-19 should not be an excuse to restrict trade so that Turkish Ministry of Trade has adopted contactless trade approach at the borders. Trade is ongoing, the goods are being transported yet the economic operators do not cross borders. This applies to road, railway and maritime transports. They are currently working on increasing the share of railroad transportation with Turkey's immediate neighbors. He also mentioned that the Ministry has already been using new technologies at the customs through the implementation of projects such as digital customs, single window system and e-commerce customs system. While a great deal of customs procedures could have already been completed electronically, the pandemic motivated the ministry to enlarge further the coverage of operations that could be undertaken remotely such as origin certificates. He stated that as a result of the pandemic, international and national exhibitions as well as the organization of trade delegations to/from Turkey are being postponed.

In response, related parties accelerated their efforts to organize such events in virtual environments by creating portals for exhibitions and trade delegations where businesses can meet and discuss with each other online. He said that as the prevailing conditions oblige the institutions to reschedule their meetings, the Ministry is planning to have meetings through video conferences with its African counterparts. He also stated that Turkey is closely monitoring the developments in the African continent regarding Covid-19. Turkey has already helping the continent in terms of medical supplies, hygienic products and food supplies. Furthermore, he mentioned that the possibility of contract farming by Turkish businesses in Africa is also being considered. In this regard, Turkey is very much excited about the prospects of the African continental free trade agreement.

It is believed that it would serve not only to deepen cooperation between Turkey and Africa but also accelerate economic recovery in the post Covid-19 period in Africa. In addition to his comments on the strategic partnership of Turkey and Africa, Mr. Dilemre mentioned about the business forums held in Turkey. He stated that each of those events brought together ministers, high-level officials and business people from Turkey and Africa successfully. Accordingly, he mentioned about the Turkey-Africa III. Economic and Business Forum to be held in Istanbul in 2020. He believes that if the conditions would allow, it will certainly be a large step towards greater cooperation between Turkey and Africa. In his final words, he emphasized the importance of concepts like contactless trade, e-commerce and digitalization in our cooperation with Africa in the new normal.

As an answer to Mr. Norbrook question on what Turkish officials are doing to help the risk investment into Africa from Turkish investors and particular procedures that they can apply for, he said that Turkish Eximbank plays the most important role. In addition to this, he mentioned about the JETCO meetings that always paved the way to resolve some issues between the countries. He said that they trust the capability of these meetings because they are ministerial level meetings and high level meetings are eager to bring up solutions. As a last point, he emphasized that for 2020 and 2021, the Ministry has selected 10 African countries as the target countries which means that the government will support any type of export initiation and other actions of our entrepreneurs to those African countries.



ADMASSU TADESSE

Chief Executive of Trade &
Development Bank (TDB)

Mr. Taddese gave an overall picture about trade, imports and exports. He stated that trade is down and the applications that they normally have had this time of the year very sharply down. However, he thinks that trade has many different dimensions and even though resources are down, other sectors are still quite strong. According to him, the agricultural sector is still going well. TDB financed quite a bit of fertilizer as an example and just between January and now, they have done almost half a billion dollars of fertilizer as imports. On the other hand, he mentioned that the petroleum sector or the mining sector has been hard-hit with an exception of gold and those flows have been adversely affected. TDB has been also trying to reach out to their clients and their sovereigns to try to provide that additional support in this difficult time.

They have just dispersed 300 million Euros to one of their sovereign clients. In the case of Uganda, TDB is working on another big transaction for another sovereign. They are working hard to keep the disbursements going and not to interrupt the pipeline of business that they already had in place. He said that the reality is many companies are repositioning themselves with the lockdowns in place and it is expected that there will be closures. He mentioned that capital expenditure projects have been delayed naturally for many companies and there's been a strong focus on ensuring the equidity is shored up in this in this difficult period. Collections are being strongly pursued. Various lines of credit that companies have with their various banks are being drawn down upon quite aggressively to create those buffers in the lead-up to the quarter ahead with the unknowns of the course.

As an answer to Mr. Norbrook question on what the financing environment that we are heading into for the continent is, the problem of repayments of loans and financing, he stated that the actions will depend on the type of the institution. He thinks that for the Africa multilaterals, the African Development Bank and TDB will take action regarding these issues. TDB has that positioning as a development finance institution and it has got very strong relationships with its funders both bilateral and multilateral funders.

TDB works very closely with the African Development Bank and others like Padilla and the Chinese institutions, World Bank, Agence Française, KFW and the others. This is a time when partnerships are very important and so with those arrangements in place, TDB has had the confidence to continue doing the business that it had embarked upon. However, emerging market risk has become an issue again in the past week. TDB is seeing better credits now become bankable sought-after in transactions which seems various sovereigns beginning to raise money again from capital markets. According to him, the pricing is not what it used to be but there is a little bit of light in the tunnel. He mentioned that in this difficult environment, global international financial institutions such as the World Bank, IMF, the Europeans and the other financial institutions have a big role to play because otherwise markets tend to fail and to lose confidence. About the difficult subject matter of debt and the best approach with the liquidity crunch that has been in place with reduced export revenue and the like, he stated that official financial institutions are expected to rise up and provide a little bit of breathing room.





DR. KHALED SHERIF
Vice-President of African
Development Bank (AfDB)

Dr. Khaled Sherif talked about what the multilateral institutions are going to do to help Africa in this difficult moment and which countries will cope with the strain better. He stated that Africa is obviously facing a various set of exogenous shocks which the African continent has never seen. He gave the 6 countries in Africa that are net oil exporters as an example. These countries depend on about 80% of their overall revenue from one export which is oil and obviously the price of oil on commodity markets has collapsed. These six economies are betting that they will be getting about \$50 a barrel for oil and now they are even uncertain that they can get 13 to 15 dollars a barrel for oil. This does put them difficult situation when servicing their foreign debt whether it's multilateral or bilateral. Their ability to import foods, their ability to import basic staples becomes questionable. As the second example, he mentioned about several economies that are highly dependent on tourism like South Africa, Kenya and Egypt. Zero tourism revenues coming into countries like South Africa, Kenya, Egypt mean that depending on the country, their foreign exchange revenues have dried up between 11-13 billion dollars on an annual basis. As the third example, he mentioned about the foreign exchange shock.

He stated that across the African continent, workers remittances drying up because of the high unemployment in Europe and the US. Africans working in these countries are sending less money to their own countries. Therefore, there is a 40 to 50 % drop in foreign exchange earnings as a result of unemployment rates in other countries. He mentioned that apart from these examples, there are more variants like the above mentioned ones but as a conclusion, commodity markets are facing shocks that Africa has never seen. The resilience

of the 54 economies in Africa is really dependent on 1 to 3 primary exports. He added that these 54 economies are either in lock down or in partial lockdown. Therefore, the domestic revenue is decreasing as there is no corporate taxation or no income taxation to speak of. In addition to this, he mentioned that 60% of African economies are informal so most countries only see about 30% of their revenues coming from taxation either corporate or personal but even that revenue has dried up.



He argued that as these countries do not have any revenues, they will be unable to pay for needed imports. Many African countries have to import fuel oil to keep their turbines going, to keep electricity in major cities on and with a shortage in foreign exchange, they will not be able to buy fuel oil that will result in power outages. It's particularly problematic for industry and for commerce. Apart from the fuel oil, according to Dr. Sherif, Africa will face problems in importing food as they import about 150 billion dollars' worth of food on an annual basis. He states that when there is not enough foreign exchange, a possible food crisis will be unavoidable.

Dr. Sherif also mentioned about the lack of viable social safety nets in Africa. Accordingly, there is no concept of unemployment insurance. This creates a major problem in countries where 60% of the economy is in the informal sector because it is almost impossible to provide any form of assistance to businesses or the unemployed people. He discussed that as the lockdowns and shortages will prevail more than 2 months, a number of countries on the African continent may face unrests as people become more desperate. He gave the examples of the US and Europe. While the US has put in almost 2 billion dollars in stimulus, Europe has put in about 1.4 billion dollars into stimulus. He stated that Africa needs about 150 billion dollars into stimulus to prevent private companies go bankrupt and with a very small and viable business sector alive, Africa cannot raise this money on its own. On another note, he mentioned that African countries are in a desperate position to pay wages and pensions. Therefore, according to him, the combined effect of these aspects is particularly concerning.

He also stated that state-owned enterprises across a variety of countries are on the verge of bankruptcy and most them are national airlines. He said that France can subsidize Air France for a period of time but in the case of Ethiopian Airlines or South African Airlines, this would not be possible. After giving different examples on various aspects, he concludes that the whole continent is dealing with a set of exogenous shocks and this is what occurs when you have lack of resilience in an economy or a set of economies that are dependent on 1 to 3 primary exports.

He also mentioned about a series of credit downgrades where countries simply unable to make the debt payments. He believes that this crisis is not caused by the corona virus as the corona virus has not spread substantially across the continent except in five countries. However, the global contagion has inflicted the exogenous shocks on the 54 economies of Africa that are basically putting unparalleled challenges on the continent.

As an answer to Mr. Norbrook question on what the multilateral response can be and who the partners are that Africa will be able to lean on, he stated that IMF, the World Bank provide to the countries that are most in fiscal distress. In other words, different institutions are pooling resources to try and get the 150

billion dollars for the African continent that is needed to prevent widespread bankruptcies across the private sector, across the state-owned enterprise sector and the joint venture companies across the continent.

AfDB is also working very closely with a multitude of other agencies like UN agencies to find a way to fund medical supplies. Medical supplies like masks and ventilators are crucial and while it is hard to maintain them even in areas like Europe and the US, with the dilapidated state of the health sector in the African continent, it is a life and death situation during a major global pandemic. According to him, another area of focus is to make sure that food imports continue to come in to prevent large scale unrests. The ability to import fuel oil, helping countries dealing with downgrades, helping pay their multilateral and bilateral debt to prevent a major financial crisis are important.

Finally, for the African continent, it is important to address the viable social safety nets.

He summed up stating that Africa will have to learn from this crisis that economies which are not resilient, cannot withstand shocks find themselves in this current position. Therefore, the main focus in the post Covid-19 era should be sure that African economies become more resilient and this should be an important wake-up call to make sure that happens. We all roll in the same direction to make that happen.



Q & A Session:

1- In addition to the macro picture, there are operational issues around like trade truck drivers for example who are in a high-risk category both in terms of their own safety but also as potential highly mobile vectors of virus. Yet, without the truck drivers, there will be decrease on the trade of the continent. How are these kinds of operational issues to be handled?

Mr. Mene:

This is part of the challenge that we faced with countries that have closed their borders in an attempt to contain the contagion and there are reports across the African continent stating that trucks moving essential goods are being detained at the border. The heads of states of the African Union in April agreed that it should be established trade corridors. These trade corridors are critical to enable the transit of essential goods so that countries that are land locked a country like Zambia for example are able to have access to the essential goods that they require to fight the pandemic. It is something that is under ethic consideration by the heads of states. The trade corridor is now going to be operationalized and governments across Africa being urged to put in place and to operationalize this corridor. It is a very critical challenge that Africa is facing.

2- Is it the moment for Turkey to be doing more in terms of its own image projection, in terms of its own relationship building across the African continent?

Mr. Dilemre:

For the last 10-15 years, Turkey has been applying a very special program to develop its relations with Africa. This is not only the trade relations but the economy involves other aspects like contracting and agriculture. Turkish investors have already invested in Africa. Some of them are small-medium enterprises; some of them are in contracting sector with big projects. There are significant trade projects along with cultural ones. We have special institutions that are working all over the world but especially in Africa. These institutions are looking for the local needs of these countries. These institutions are working with local authorities for

their development. In today's World, Turkey is ready to help and trying the best in terms of medical help in the case of Covid19. We are donating the essential needs, the masks as an example of Somalia. After the pandemic, both countries need to develop bilateral relations further, this is the policy. In addition to this, given the circumstances, related parties are coming together via digital platforms to figure out what can be done for further bilateral relations.

3- The great Indian novelist Arundhati Roy has spoken about the pandemic and she says that after every great pandemic, there is often great societal and also economic change. Mr. Tadesse, you've spoken about the sectors which seemed to be going more strongly today in Africa or at least less affected by Covid-19 and agriculture being one of them. What possibilities are there of change? And if is possible to talk of opportunities in the midst of such a difficult crisis, what opportunities are there for the continent?

Mr. Tadesse:

They say there is always a silver lining in every crisis and I think the wake-up call is the resilience that is required as Dr. Sherif talked about clearly. This is going to be a focus area for policy makers and leaders going forward. The free-trade arrangements that Mr. Mene mentioned about, as we go forward, they will aggregate demand across borders picking up momentum. I think that will act as stimulus. Complementary measures to support industrialization and value addition in various sectors will actually give that momentum the pace that it needs. Because without diversification of our economies, it is going to be difficult to get some serious trade going on. I think there are multiple directions coming through already from the regional space in terms of the agenda that African Union has developed with member states.

If you look at various reports, you will see indications of industry beginning to come up but it is still nowhere near the scale that is required. I think some of the stimulus that we are going to be seeing coming through these various areas will be the good news. I think primary health care has been an area of a very strong development for many decades all the way through the Millennium Development Goals. However, I think there has been a little bit of neglect of some elements

of intermediate medical care. It is stated that some African countries spend 500 million dollars to a billion dollars per annum on medical tourism and if that kind of funding would be redirected to building up some level of healthcare within African cities, these will be unexpected benefits of the crisis. The pharmaceutical sector, medication, creating capacity to produce generic drugs is not focused areas in the continent so this will also be a stimulus for that. About tourism, trying to promote domestic tourism and intra-regional tourism as well to reduce the excessive reliance on tourism from G7 countries alone are also important. The other big development will be general investment in agriculture on a larger scale. The Gulf region will probably start looking at the question of proximity for supply markets so maybe some of the Gulf countries will start to invest even more heavily in Africa to build out strongly their supply chains and access to closer regions.

4- There are some strong projections. Dr. Sherif by all means answers the question on the possibilities or the opportunities to be seized but I also wanted to ask is this a moment where African sovereigns will really start to look at revenue collection as a life or death thing? They may not be able to rely quite on external partners in the next 5-10 years and they really have to look at their tax systems. We heard the money being spent on medical tourism but to get that money as it were you need to orchestrate your tax network, your tax system much better.

Dr. Sherif:

Your question had various facets associated with the 54 countries that make up the African continent, in 18 of those countries people live off less than 2 dollar a day. If people are making less than 2 dollar a day, personal income taxation is obviously likely to be quite constrained and that is why in these countries you basically see income tax usually representing less than 15% of total domestic revenue. Most of these countries are very fragile states in the African continent. Only about 30% of domestic revenue is coming from taxation because they obviously have a very small private sector and a populace that is living off as I said less than 2 dollar a day. Some are living off less than 1 dollar a day. It based on the principle that the map for labor is derived from the math of demand for goods and services. This means that you are dealing with countries that typically have unemployment in excess of 40-50%, some of them 70% and this is what you get when people live

off 2 dollar a day. Since labor demand is driving from the goods and services, if you are making 2 dollar a day, you have no disposable income. If you have no disposable income, obviously there's nothing to tax and you also cannot buy goods and services. If you are not buying goods and services, you are not sending a signal to the private sector to produce or to provide services. As a result, no additional employment or wealth will generate.

Therefore, Africa's challenge is overcoming the 2 dollar a day phenomenon. The dependence on foreign sources of income like workers remittances, tourism, oil, exports of basic commodities like diamond, cocoa beans, coffee beans, or precious metals like gold, copper that come from this continent will continue to reproduce the problem. So how do you break the cycle? How do you create the wealth that you need? The lesson that is learned from this as I said is resilience. In order to overcome situations like this in the future, you don't just export the cocoa beans, you make the chocolate and get the value-added from that. You do not sell the coffee beans, you make the coffee. It is that lost value addition whether you export the one carat diamond unpolished for 120 dollars from Sierra Leone and by the time depending on grade is polished and mounted on an engagement ring, it sells for 8.000 dollars. This lost value addition is the wealth that Africa is losing. In return, not creating a class that is prosperous enough to domestically buy goods and services will not generate the level of taxation needed for a government to be able to find a resource base. Africa needs these value chains to bring wealth into the continent. It needs a consumer base with 10-20 % of the population that is wealthy enough to be able to consume goods at the level that will generate a domestic private sector that becomes eventually taxable and the level of income taxation that gets us beyond what is typically the 30% of domestic revenues that come from taxes.

FOREIGN ECONOMIC RELATIONS BOARD OF TURKEY (DEİK)

GLOBAL HORIZON OF THE TURKISH BUSINESS COMMUNITY

Upon its establishment in 1986, the Foreign Economic Relations Board of Turkey (DEİK) was assigned with the following tasks: to organize and manage the foreign economic relations of the Turkish private sector, in particular with respect to foreign trade, international investments, services, contracting and logistics; to analyze investment opportunities at home and abroad; to help boost the country's exports, and to coordinate similar business development activities.

In 2014, DEİK was restructured, and with law No: 6552 of 11 September 2014 assigned the task of "conducting the foreign economic relations of the Turkish private sector", to become "business diplomacy" organization comprising Business Councils, Founding Institutions and individual members that represent Turkey's business community and its leading entrepreneurs, contributing to the functioning of the institution on a 'voluntary basis'.

As of March 2019, DEİK has 97 founding institutions and 146 business councils, and approximately 1.000 member companies which form these councils, as well as 2.000 representatives from the member companies.

PROMOTING TURKISH TRADE & INVESTMENT IN AFRICA

- Driving Turkish engagement with Africa
- Plays a catalytic role to strengthen Turkey-Africa trade, economic and cultural ties
- Linked with 50 counterpart organisations in 45 African countries by establishing bilateral business council mechanism acknowledged by the relevant Ministries
- Facilitation of information exchange and tie-up with investment promotion agencies and regional institutions (African Union, NEPAD, African Development Bank, ECOWAS & COMESA)

- DEİK is in coordination with Ministry of Trade and Ministry of Foreign Affairs to implement Turkey's Africa strategy
- Turkey-Africa Business Councils organize multi-lateral business forums, trade missions, b2b meetings, workshops, seminars and panels



TURKEY-AFRICA BUSINESS COUNCILS CONCLAVE

- Trade & Investment Financing Seminars with Turkish Eximbank, African Development Bank, Islamic Development Bank, World Bank, Turkish Banks which has large network of correspondent banks in Africa and other International Financial Institutions
- Turkey-Africa Economic and Business Forums in Istanbul, Turkey in cooperation with Turkish Ministry of Trade and African Union Commission. The two sessions of the Forum held in 2016 and 2018 gathered over 50 guest Ministers and 3.000 business persons along with heads of Governments and regional organizations. www.turkeyafricaforum.org
- Turkey-ECOWAS Economic and Business Forum held on 22-23 February 2018 in Istanbul, Turkey with the participation of 15 guest Ministers from ECOWAS member states and over 1.000 business people.
- Private Sector Delegations to 31 African countries accompanying President of Turkey and Ministers during 2014-2019 term.
- 61 out of 254 business events were organized in African countries during 2018-2019 term

“WIN-WIN POLICY” Economic Partnership

- Health Cooperation Agreements with 20 African Countries
- Free Trade Agreements with 5 African Countries
- Reciprocal Protection of Investment Agreements with 30 African Countries
- Prevention of Double Taxation Agreements with 13 African Countries



Trade and Economic
Cooperation
Agreements with

38 African
Countries

21%

Share of African Countries in the overall
International Business Volume of
Turkish Contractors

100.000

JOBS



42 Turkish Embassies
in Africa

36 African Embassies in
Ankara, Turkey

26 Turkish Trade Counsellor
Offices in Africa

**TURKISH
AIRLINES**



fly
to

60
destinations

in

40
countries

in the
continent

22

Coordination Offices of Turkish
Cooperation and Coordination
Agency (TİKA) in Africa

8

Turkish Cultural Centers of
Yunus Emre Foundation
(YEF) in Africa



**TÜRKİYE
MAARİF VAKFI**

17
schools

9.000
students

in
Africa

TURKEY'S PRESENCE IN AFRICA

Official Visits

President H.E. Recep Tayyip Erdoğan, since he has taken office in 2014, has visited 21 African countries:

- Somalia
- Djibouti
- Ethiopia
- Cote d'Ivoire
- Ghana
- Guinea
- Nigeria
- Uganda
- Kenya
- Tanzania
- Mozambique
- Madagascar
- Sudan
- Chad
- Tunisia
- Algeria
- Mali
- Mauritania
- Senegal
- Zambia
- South Africa
- Gambia



TURKEY'S PRESENCE IN AFRICA

- Turkey's bilateral trade volume with Africa increased fourfold from 2003 to reach 23,8 billion dollar in 2019 as exports totaled \$14,4 billion and imports 9,4 billion.
- The trade volume has reached 186,5 billion dollar in 9 years (2010-2019) and its 64,5 billion portion was generated with Sub-Saharan Africa.
- Turkish direct investments in Africa exceeded 6 billion dollar (USD) in 2019, while it was only 100 million dollar in 2003.
- Turkish investments, mainly in the sectors of textile, food & agriculture, iron-steel, cement, energy, mining, consumer durable goods, tourism and hotel, have created over 100 thousand jobs along with vocational training and career.
- The volume of projects (PPP & BOT) taken by Turkish contracting companies in Africa increased up to 69,02 billion dollar. In different African countries, they have undertaken numerous projects of road-bridge-tunnel, railways, business & conference centers, sport arenas, power plants, airports, hotels, shopping malls, harbors and housing.



TURKEY-AFRICA III. ECONOMIC AND BUSINESS FORUM

8-9 October 2020
Istanbul

www.turkeyafricaforum.org



Multilateral Response to Covid-19 Crisis: Turkey-Africa Partnership

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**Please click to watch
the webinar**



For DEİK membership

